

Agenda Item No:**Report To:** Cabinet**Date of Meeting:** 29 June 2023**Report Title:** Severance costs associated with service review savings**Report Author:** Michelle Pecci – Assistant Director of HR, Customer Services, Communications & Digital
Job Title: Maria Stevens – Director of Customer, Technology & Finance**Portfolio Holder:** Cllr. Ovenden- Leader of the Council & Lead on Prosperity
Portfolio Holder for: and Resource**Summary:**

The Full Budget was approved by Council in March 2023 which included a savings target of £505,000 to be achieved through restructuring within service areas, taking advantage of working differently and utilising digital advances where possible. This target alongside others needs to be met in year to reduce the deficit in the MTFP of £2.6m presented to Cabinet in November 2022.

A range of issues have affected the Council finances resulting in this deficit, the most significant include; increased costs of borrowing, inflationary pressures on contracts and services, increased numbers of homelessness and increases to the costs of the waste and recycling contracts. There is a similar picture across the country for Local Authorities that have already seen budgets cut significantly over the last 15 years.

In February 2023 Cabinet agreed a programme of savings as part of the 2023/24 budget report, to reduce the contributions from reserves that are required to balance the budget. The programme will be implemented over the year and the full saving should be in place for the 2024/25 budget year. The savings schedule formed part of the budget report, and if all delivered amounts to £1.42m. The saving from service restructures is £505,000 of that target. The target is to progress all savings as soon as feasibly possible to help ensure that budget pressures in the current year are not exacerbated as further pressures are already coming through.

A series of service reviews have been undertaken to identify opportunities to work differently through, for example, reorganising work, restructuring or digitisation. Implications of the structure reviews completed to date are highlighted in this report.

Members will see in the body of the report that there are

three potential redundancies, two of which have had applications for voluntary redundancy. In the case of the compulsory redundancy the council will apply its redeployment policies in order to avoid the redundancies, including ring fencing vacancies to post-holders who are at risk of redundancy.

The key purpose of this report is to adhere to the requirements of the Local Government Pension Scheme (LGPS) whereby for post-holders who satisfy LGPS criteria around age and length of service, are entitled to the early release of their pension in the event they are made redundant. In some circumstances there is a cost to the council associated with the release of the pension (known as a 'pension strain'). These costs must be approved by Elected Members.

This report is therefore seeking approval of pension strain costs in the worst case scenario that we are not able to redeploy affected post holders.

Key Decision: YES

Significantly Affected Wards: NONE

Recommendations: **The Cabinet be asked to:**

- I. **Note potential redundancy of post holders:**
 - a) **5057 Business Support Officer Finance and Customer Services**
 - b) **3030 Funding & Partnerships Officer or 6403 Policy & Scrutiny Officer**
 - c) **6680 Project Manager (Commercial) or 6197 Cultural Projects Manager**
- II. **Note the delivery of £320k towards the corporate savings target as a result of these changes**
- III. **Recommend to Council the approval of the pension strain costs of up to £206,223 resulting from early release of up to three post holder's Local Government Pension Scheme benefits due to redundancy in the event we are unable to redeploy effected post holders. To be funded reserves.**

Policy Overview:	The Council's approach to severance payments is set out in the Discretionary Compensation Policy and Policy Statement on Pension Scheme Discretions and recommendations are made in accordance with these.
Financial Implications:	The saving of c. £320k per annum contributes to the corporate savings target agreed by Council of £505k. All one off termination costs are set out in the exempt appendix. In the worst case scenario this totals £280,390 and will be met from the service pressure reserve established to provide for one off costs such as this.
Legal Implications:	The report proposes deletion of up to three posts and as such redundancies are proposed. As such the Conditions of Service are referred to, together with the notable employment legislation such as Employment Relations Act 1999.
Equalities Impact Assessment:	Not Required because the Discretionary Compensation Policy and Policy Statement on Pension Scheme Discretions have had an EIA previously.
Data Protection Impact Assessment:	NA
Risk Assessment (Risk Appetite Statement):	NA
Sustainability Implications:	NA
Other Material Implications:	None
Exempt from Publication:	YES- exempt appendix [Not For Publication by virtue of Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972.] and the public interest in maintaining the exemption outweighs the public interest in disclosing the information
Background Papers:	None
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Report Title: Severance costs associated with service review savings

Introduction and Background

1. The £1.42m savings target agreed by Council for 2023/24 included the requirement to review all services to deliver savings. A schedule of reviews is underway and will be delivered throughout the year, regular monitoring reports will be presented to Overview & Scrutiny and Cabinet (Financial Monitoring) on the overall progress against the target.
2. These reviews may lead to some posts being made redundant. Employees aged 55 or over, who are Local Government Pension Scheme (LGPS) members are entitled to the early release of their pension benefits if they are made redundant. Whilst the Council's Managing Redundancy policies will be applied to avoid redundancies where necessary officers must seek approval from Elected Members for the costs of early release of pension benefits, in the event we are unable to avoid redundancies. Details of the potential pension strain costs of the first set of proposals are set out in the attached exempt appendix.
3. This report is therefore seeking that Cabinet recommend to Council the approval of the pension costs of up to £207k resulting from early release of the post holders' Local Government Pension Scheme benefits due to redundancy in the event we are unable to redeploy affected post holders.

Proposals

Planning and Development- Business support team

4. This service area has seen a number of significant changes to the service since 2021, such as software change, process changes and changes of leadership that have enabled a review of the administrative roles and alignment of skillsets within the wider service for optimum efficiency, improved performance and improved customer service whilst also contributing to deliver savings
5. The improved efficiency has enabled the service to deliver a new staffing structure for the Business Support Team, as well as some minor changes to JDs. This will realign skillsets therefore it is proposed that a Business Support Officer Finance and Customer Services (post 5057) can be deleted, subsequently the post holder has been put at risk of redundancy
6. Should the council be unsuccessful in redeploying the post holder the post holder would satisfy the age related criteria set out by the LGPS and would be entitled to the release of their pension. The exempt appendix outlines the costs of release of the pension. In the event this post holder be successful in securing redeployment elsewhere in the Council, there will be no pension costs for the council to meet as a result of these changes.

7. The savings to be delivered by these changes will be £69k

Policy and Performance

8. This service area was formed as part of the senior manager restructure in 2022 and combined a number of related functions (scrutiny/member services/parish council liaison/external grant funding). It has therefore been possible to align compatible functions that build on new working practices to create surplus capacity to deliver staff related savings.
9. The proposal is to create a single Scrutiny and Partnerships Manager role which incorporates key aspects of the current Scrutiny and Policy Officer (post 6403) and Funding and Partnership Officer (post 3030) roles. There are synergies between the current two posts, and new processes and policy have enabled the administration of grants to be managed more effectively without change to service delivery.
10. The two post holders have been put 'at risk of redundancy' and a new post of Scrutiny and Partnerships Manager has been introduced that will be ring-fenced to the two officers in the service who are at risk of redundancy.
11. The exempt appendix outlining costs of early release of the pension relates to just one of the two post holders who satisfies the age related criteria set out by the LGPS. During the consultation process this post holder indicated that they would like to be considered for voluntary redundancy, should this voluntary redundancy be accepted there will be no change to the costs highlighted in the exempt appendix.
12. The savings to be delivered by these changes will be £42k.

Environment, Property and Recreation Service

13. This service area was also formed as part of the senior manager restructure in 2022 and combined a number of related functions (waste and recycling, general-fund estate and land management/project management). It has therefore been possible to align compatible functions that build in new working practices to create surplus capacity to deliver staff related savings.
14. The review of this service structure proposes a number of regrades, a transfer in of an externalised service, revised job titles and changes in reporting lines and the deletion of eight posts from the current structure, six of which are vacant and two of which have a current incumbents the Cultural Projects Manager (post 6197) and the Project Manager Commercial (post 6680).
15. The two post holders have been put 'at risk of redundancy' and a new post of Commercial Projects & Recreation Manager has been introduced that will be ring-fenced to the two officers in the service who are at risk of redundancy.
16. The exempt appendix outlining costs of early release of the pension relates to just one of the two post holders who satisfies the age related criteria set out by the LGPS. This post holder has recently indicated that they would like to

be considered for voluntary redundancy, should this voluntary redundancy be accepted the pension strain costs will remain the same as compulsory redundancy and these costs are set out in the exempt appendix.

17. The savings to be delivered by these changes will be £209k.

Equalities Impact Assessment

18. There are no key issues arising, the Discretionary Compensation Policy and Policy Statement on Pension Scheme Discretions have had an EIA previously.

Consultation Planned or Undertaken

19. Formal and informal consultation has been carried out with staff in these services, and all the proposals have been considered by the JCC on 16 June 2023.
20. Unison highlighted their general opposition to redundancies except where they were voluntary, and indicated concerns over changes so soon after the 2022 review (particularly the growth in manager roles/salaries). Unison also flagged the level of resignations over the past year. It is not unusual to conduct a review of how services have bedded in following a period of change, and turnover following change is not unusual, and not at a level that would cause concerns.
21. The JCC highlighted concerns about capacity of staff remaining, and the impact on customer services, however behind these changes are system improvements, process digitisation and policy changes that have created capacity.
22. Reflecting this concern, a Member raised concerns over loss of knowledge from the organisation. Officers accepted there would be a learning curve, but felt the individuals were very capable.
23. The introduction of apprentices was welcomed.

Other Options Considered/Reasons for Supporting Option Recommended

24. The reason these proposals have come forward is due to the requirement to bridge the budget gap. In the short term reserves have been used to bridge the identified gap, however this strategy is not sustainable and puts the council at risk of using up all its reserves if spending cannot be reduced.
25. All the proposals have looked at a range of options to deliver savings in 2023/24. These proposals are considered to have the least impact on service delivery as they have not simply reduced headcount but also provided new

ways of delivering services using new technology and changes to delivery methods.

Next Steps in Process

26. Subject to Council approval of the pension costs officers will progress the consultation process and implementation of changes for staff including issuing notice of termination whilst seeking suitable alternative employment to avoid the redundancy where possible.

Conclusion

27. This report is seeking approval of pension strain costs in the worst case scenario that we are not able to redeploy affected post holders. The LGPS regulations are such that we are obliged to release the pension of qualifying staff we make redundant.
28. The changes take advantage of new ways of working and new systems and do not fundamentally negatively impact service delivery to our communities. In the event that Members are not minded to approve the costs associated with these changes Officers will need to seek other ways to deliver savings that may have a greater impact on service delivery.

Portfolio Holder's Views

29. These savings were put forward as part of the Full Budget to Council this year and were approved. I have reviewed the financial position and I understand that these savings are required to balance the Council's budget over the Medium Term so I therefore support the report going forward.
30. I am pleased to hear that service provision will not be affected by these changes and I have asked officers to review this position throughout implementation and moving forward to ensure this continues to be the case.

Contact and Email

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